

Health Administration

MISSION STATEMENT

To develop and coordinate budgets, policies, and procedures for the county's health care departments in accordance with the strategic goals adopted by the Board of Supervisors, the County Charter, and general laws.

DESCRIPTION OF MAJOR SERVICES

The role of the Health Administration Division is to seek and support opportunities to foster collaboration among the Public Health Department (PHD), Department of Behavioral Health (DBH), and the Arrowhead Regional Medical Center (ARMC). The division provides regular fiscal and policy analysis relating to the operations of these departments. The division also reviews and analyzes all agenda items submitted for Board of Supervisors approval as well as all budget submittals and reports relating to San Bernardino County's health care programs. Additionally, this division manages the \$156.7 million Health Administration budget, which includes funding for ARMC debt service, health related maintenance of effort costs, and transfers required to obtain federal health care funding.

Health care related transactions represented by this budget unit included the Disproportionate Share Hospital (DSH) Supplemental Payments, Realignment "AB 8" match, and the county's contribution for ARMC debt service payments.

Disproportionate Share Hospital Programs

In 1982, California established DSH programs to provide supplemental Medi-Cal payments to hospitals that provide services to disproportionate numbers of Medi-Cal and other low-income patients. These programs assist safety net hospitals in meeting the uncompensated costs associated with providing medical services to uninsured and underinsured patients. The programs are mechanisms for distributing federal health care funds. The programs require the county to transfer general fund dollars (shown in this budget unit as other charges) to the state. Through a matching process, the county receives back its initial contribution, recorded in this budget unit as current services revenue. In addition to the return of the initial contribution, the county receives federal health dollars, which are accounted for in the ARMC budget. The level of the county's contribution is set during the year by the state. The DSH program comprises two elements:

- The SB 855 program that provides supplemental payments to hospitals serving a disproportionate number of low-income individuals. Public entities transfer funds to the State Department of Health Services by an intergovernmental transfer. These funds are matched with federal funds and redistributed as supplemental payments to all eligible hospitals. A hospital may receive DSH payments if its Medi-Cal utilization rate exceeds an established threshold or it uses a designated percentage of its revenues to provide health care to Medi-Cal and uninsured patients.
- The SB 1255 program that supplements eligible hospitals that are licensed to provide emergency medical services and contract with the California Medical Assistance Commission (CMAC) to serve Medi-Cal patients under the Selective Provider Contracting Program. CMAC determines the amount received by each participating hospital.
- The GME program is part of the SB 1255 program and provides supplemental payments to DSH hospitals that are also a teaching facility/institute. Payments are determined solely by CMAC and the amount varies from year to year. Similar to other SB 1255 revenues, the amount actually received is determined by the state during the course of the fiscal year.

In 2005, the State of California, with the approval of the federal government, fundamentally altered the way it will pay hospitals for treating Medi-Cal patients. The changes, which took effect on September 1, 2006, have a term of five years, and were made under the authority of a federal waiver.

The new system revises financing for Medicaid hospital care costs; limits the use of county general fund transfers to the state for non-federal share of Medicaid funds; establishes a level-funded Safety Net Care Pool to



provide a fixed amount of federal dollars to cover uncompensated health care costs; and establishes Certified Public Expenditures (CPEs) as the means for calculating federal health funding. Due to these changes, the amount of transfers from this budget unit to the state may change. Because details of the waiver are not finalized, the amounts shown for transfers has not been changed from the 2005-06 budget.

Realignment and General Fund Support

General fund support and realignment funds are used to pay for the ARMC debt service lease payments, Realignment "AB 8" match and administrative costs related to this budget unit. Note: Specific details regarding the financing sources, which are used to cover the county's \$54.0 million annual debt service obligation for the ARMC facility, are provided in the ARMC Lease Payments (EMD JPL) section of the Proposed Budget.

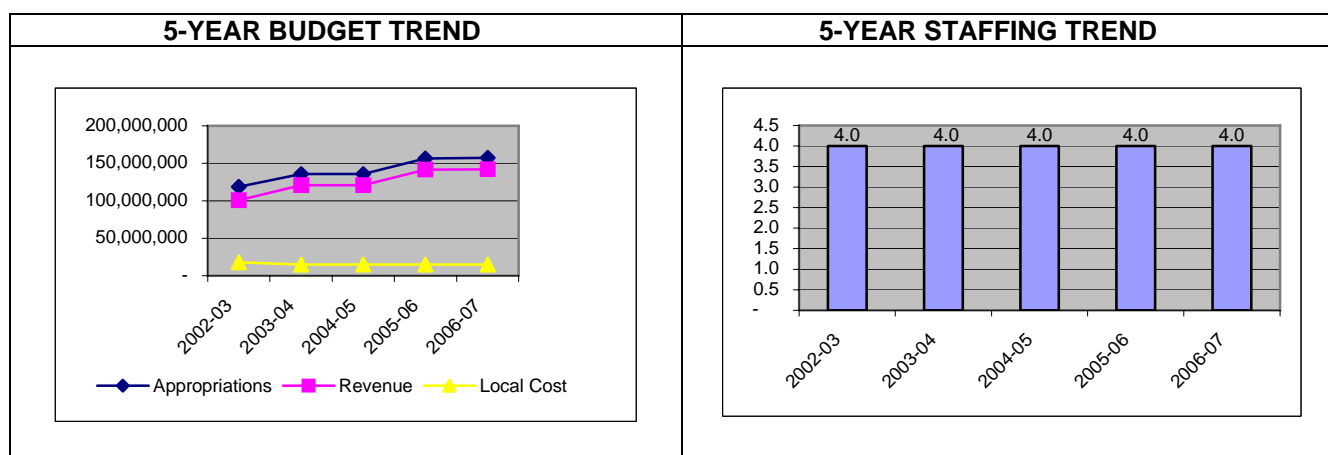
To qualify for receipt of Health Realignment funding from the state, the county must contribute a "match" of local funds. The matching amount is based on a formula, established through AB 8 in 1979, through which the state provided funding to preserve critical health programs in the aftermath of Proposition 13. When the Realignment program was created in 1991, funding allocations were based on the historical AB 8 formula, and local match requirements remained. The county's match requirement for 2006-07 is \$4.3 million; this amount remains constant each year per the historical formula. The Realignment match funded in the Health Care Costs budget meets the county's full obligation to receive Health Realignment dollars, which support the Public Health Department and Arrowhead Regional Medical Center. For 2006-07, the county anticipates receipt of approximately \$58.1 million in Health Realignment funding. Important note: The local match requirement for receipt of Mental Health Realignment funding is reflected in the operating budget for the Department of Behavioral Health.

Realignment funds support this budget as follows:

- Mental Health at 2.5% (which covers half of administrative costs).
- Health at 97.5% (which covers half of administrative costs plus debt service payments).

The amounts listed as "Operating Transfers Out" include the county's net debt service obligation for the payment of the Arrowhead Regional Medical Center facility (\$21.7 million) and the required Realignment "AB 8" match (\$4.3 million) which must by law be transferred into trust before Realignment monies can be directed toward health programs.

BUDGET HISTORY



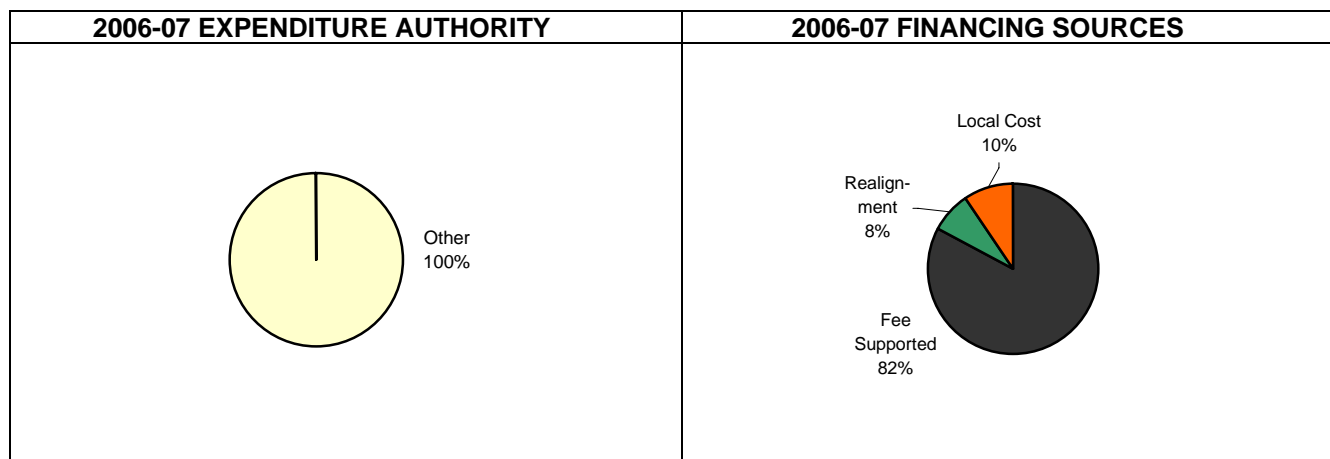
PERFORMANCE HISTORY

	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Modified Budget	2005-06 Actual
Appropriation	118,341,508	135,996,594	150,200,966	156,770,692	53,624,875
Departmental Revenue	100,641,507	120,996,594	135,200,966	141,770,692	38,732,875
Local Cost	17,700,001	15,000,000	15,000,000	15,000,000	14,892,000
Budgeted Staffing				4.0	

Actual expenditures and revenue are less than modified budget in 2005-06 due to the decrease in intergovernmental transfers to the state for health matching dollars.



ANALYSIS OF FINAL BUDGET



GROUP: Administrative/Executive
DEPARTMENT: Health Administration
FUND: General

BUDGET UNIT: AAA HCC
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2005-06 Final Budget	2006-07 Final Budget	Change From 2005-06 Final Budget
Appropriation							
Salaries and Benefits	377,298	316,697	121,092	489,206	471,758	532,200	60,442
Services and Supplies	985,900	68,210	30,265	92,390	86,141	66,490	(19,651)
Central Computer	-	-	710	2,673	2,521	4,604	2,083
Other Charges	94,510,731	110,514,405	124,642,905	24,759,402	130,000,000	130,250,000	250,000
Equipment	80,264	-	-	-	-	-	-
Transfers	73,551	106,500	81,104	807	108,808	276,068	167,260
Total Appropriation	96,027,744	111,005,812	124,876,076	25,344,478	130,669,228	131,129,362	460,134
Operating Transfers Out	22,313,764	24,990,782	25,324,890	28,280,397	25,851,312	26,059,462	208,150
Total Requirements	118,341,508	135,996,594	150,200,966	53,624,875	156,520,540	157,188,824	668,284
Departmental Revenue							
Realignment	6,130,776	10,482,189	10,558,061	14,223,473	11,520,540	12,188,824	668,284
Current Services	94,510,731	110,514,405	124,642,905	24,509,402	130,000,000	130,000,000	-
Total Revenue	100,641,507	120,996,594	135,200,966	38,732,875	141,520,540	142,188,824	668,284
Local Cost	17,700,001	15,000,000	15,000,000	14,892,000	15,000,000	15,000,000	-
Budgeted Staffing					4.0	4.0	-

In 2006-07, the department will incur increased costs in salaries and benefits due primarily to MOU and retirement cost increases. Service and supplies is decreasing due to decreases in memberships, computer hardware, and travel costs. Central computer, transfers, other charges, and operating transfers are increasing. The increase in transfers reflects the cost of health care computer programming development that will be done by ISD; other charges increase represents the county's contribution to a countywide 211 information system; and operating transfers out is increased to reflect the 2006-07 Medical Center debt service payment. Realignment revenue is increased to offset appropriation increases.

FINAL BUDGET CHANGES

There are no final budget changes associated with this budget unit.

